Atlantic Canada Opportunities Agency

Agence de promotion économique du Canada atlantique

2009-2010

Departmental Performance Report

Minister's Message

For more than two decades, the Atlantic Canada Opportunities Agency (ACOA) has provided programs that foster innovation, promote economic diversification, and enhance the competitiveness of businesses and communities throughout Atlantic Canada.

Our government continues to support ACOA and the people of Atlantic Canada. We confirmed our support most recently through *Budget 2010*, which announced ongoing funding for two key ACOA programs: the Atlantic Innovation Fund and the Innovative Communities Fund. This commitment is a testament to how well these programs are working in Atlantic Canada.

In 2009, in response to the global economic downturn, our government gave the Agency responsibility for delivering two of its short-term stimulus programs – the Community Adjustment Fund and the Recreational Infrastructure Canada Program – in Atlantic Canada. These initiatives are allocating $135 million in the region over two years to address the needs of businesses, key industry sectors, and communities, to help create jobs and lay the foundation for long-term prosperity.

In 2009-2010, in addition to providing timely delivery of this support, ACOA continued to collaborate with its government and private sector partners to ensure long-term competitiveness and increased productivity in Atlantic Canada's economy by supporting research and development and its commercialization. The Agency also continued to advance the Atlantic Gateway, and helped businesses enhance their export readiness to better capitalize on trade and investment opportunities.

It is my pleasure to present the 2009-2010 Departmental Performance Report for the Atlantic Canada Opportunities Agency. The results in this report clearly outline ACOA's continued success in contributing to a stronger, more innovative Atlantic Canadian economy.

The Honourable Keith Ashfield
Minister of National Revenue,
Minister of the Atlantic Canada Opportunities Agency,
and Minister for the Atlantic Gateway

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Section 1: Agency Overview

1.1 Raison d'être and Responsibilities

The Atlantic Canada Opportunities Agency (ACOA) works to create opportunities for economic growth in Atlantic Canada by helping businesses become more competitive, innovative and productive, by working with communities to develop and diversify local economies, and by championing the region's strengths in partnership with Atlantic Canadians. It plays an important role in developing and supporting policies and programs that strengthen the region's economy. This work addresses the Agency's mandate "... to increase opportunity for economic development in Atlantic Canada and, more particularly, to enhance the growth of earned incomes and employment opportunities in that region." (Part I of the *Government Organization Act, Atlantic Canada 1987*, R.S., c G-5-7, also known as the *Atlantic Canada Opportunities Agency Act*)

Established in 1987, ACOA is the federal department responsible for the Government of Canada's economic development efforts in the provinces of New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland and Labrador.

ACOA's head office is in Moncton, New Brunswick. Offices are located in all four provincial capitals in Atlantic Canada, each led by a regional vice-president. The Agency also provides services via a range of local field offices throughout the four provinces. In addition, through its Ottawa office, ACOA ensures that Atlantic Canada's interests are reflected in both the policies and programs developed by other departments and agencies of the federal government.

Although the Agency's policies and program tools have changed since its inception, the overall goal remains constant. ACOA helps the Atlantic region to realize its full economic potential in terms of productivity, competitiveness and growth. This is achieved by identifying and addressing structural challenges in the economy, helping communities and businesses to overcome barriers, and finding new opportunities for growth. ACOA is committed to helping the region make the transition to a more innovative, productive and competitive economy.

1.2 Strategic Outcome and Program Activity Architecture

The diagram below illustrates ACOA's strategic outcome and Program Activity Architecture (PAA). The Agency's program activities and program sub-activities are aligned to the strategic outcome of a competitive Atlantic Canadian economy.

The PAA reflects the results of policy research and analysis, periodic review of program effectiveness, ongoing dialogue with stakeholders in the region, and the priorities and directions of the Government of Canada.

Descriptions of each of ACOA's program activities can be found in Part II of the Main Estimates document on the website of the Treasury Board of Canada Secretariat at http://www.tbs-sct.gc.ca/est-pre/20092010/me-bd/ACOA-APECA-eng.asp.

Strategic Outcome	Program Activity	Program Sub-activity
A competitive Atlantic Canadian economy	Enterprise Development	Innovation
		Entrepreneurship and Business Skills Development
		Trade
		Investment
		Financing Continuum
	Community Development	Community Mobilization
		Community-based Business Development
		Community Investment
		Infrastructure Programming
	Policy, Advocacy and Coordination	Policy
		Advocacy
		Coordination
	Internal Services	Governance and Management Support
		Resource Management Services
		Asset Management Services

1.3 Summary of Performance

1.3.1 Financial and Human Resources

Financial Resources ($ millions)		
Planned Spending	Total Authorities	Actual Spending
338.3	411.9	403.8

Agency planned spending of $338.3 million was increased by $73.6 million during the year, comprising $55.8 million in transfer payments and $17.8 million in operating costs. This increase is mainly attributable to new authorities provided under Canada's Economic Action Plan (CEAP). Actual spending of $403.8 million included $306.9 million in transfer payments and $96.9 million in operating costs, resulting in a surplus of $8.1 million, of which $4.0 million will be available in 2010-2011 through the operating budget carry forward. Further information on variances is found in Section 1.5 Expenditure Profile.

Human Resources (Full-time Equivalents)		
Planned	Actual	Difference
715	718	(3)

1.3.2 Performance Summary

Strategic Outcome: A competitive Atlantic Canadian economy		
Performance Indicator	**Five-year Target** *(2008-2009 to 2012-2013)*	**Performance**
Increase in Atlantic gross domestic product (GDP) for every dollar of ACOA expenditure in direct support of business	$4 to $5	On track. $7.20 (performance is calculated over a five-year period, which will end in 2012-2013. Result reported is for the 2003-2008 period.)

Program Activity	($ millions) 2008-2009 Actual Spending	2009-2010 Main Estimates	2009-2010 Planned Spending	2009-2010 Total Authorities	2009-2010 Actual Spending	Alignment with Government of Canada Outcomes
Enterprise Development	215.0	198.7	200.7	212.5	192.2	
Community Development	113.1	87.7	91.6	145.8	155.7	Strong Economic Growth
Policy, Advocacy and Coordination	13.3	11.1	11.1	12.8	13.0	
Internal Services	0.0	34.9	34.9	40.8	42.9	
Total	**341.4**	**332.4**	**338.3**	**411.9**	**403.8**	

In the above table, Internal Services 2008-2009 spending is distributed among the spending figures of the other three program activities. However, beginning with the 2009-2010 estimates cycle, Internal Services spending is displayed separately from the other program activities. This should be recognized in any effort to compare program activity spending between fiscal years.

Within 2009-2010, the difference between actual spending and total authorities in Enterprise Development is mainly attributable to lower expenditures under the Atlantic Innovation Fund (AIF) and lower operating costs. Actual spending in Community Development is higher than total authorities due to increased demand under the Business Development Program (BDP).

1.3.3 Contribution of Priorities to Strategic Outcome

The following table discusses the progress of ACOA's operational and management priorities in reaching its strategic outcome, "A Competitive Atlantic Canadian Economy."

Operational Priority	Type[1]	Performance Status: Successfully met all priorities
Productivity	Previously committed to	ACOA builds innovation capacity in the region by providing funding for research and development (R&D) projects and for the adoption/adaptation of leading-edge technologies that lead to enhanced productivity. In 2009-2010, the Agency invested more than $73 million in R&D projects and over $11 million in technology adoption/adaptation projects. The Agency also invested more than $8.5 million toward improving business competitiveness through a number of activities such as training, hiring skilled personnel, and improving productivity and/or quality.
Innovation and commercialization	Previously committed to	The Agency has placed an increased focus on commercialization by supporting R&D projects that have the best probability for commercial success, as well as by identifying and pursuing commercialization opportunities throughout Atlantic Canada. In 2009-2010, the Agency approved $1.1 million in commercialization initiatives, and is focused on

[1] Types are defined as:

- New (newly committed to for fiscal year 2009-2010)
- Previously committed to (committed to one or two fiscal years earlier, i.e. 2007-2008 or 2008-2009)
- Ongoing (committed to at least three fiscal years earlier, i.e. 2006-2007 or earlier)

		assisting Atlantic Canada's small and medium-sized enterprises (SMEs) and institutions reach their commercialization potential through project investments that include: just-in-time consulting, senior management mentoring, investor readiness training, and access to international markets, as well as cluster development.
Trade and Atlantic Gateway	Previously committed to	ACOA continued its efforts in relation to the priorities stated in the Government of Canada's Global Commerce Strategy and the Americas Strategy by contributing to at least four initiatives linked to emerging markets such as India and Peru. For instance, the Agency led exploratory trade missions in Vietnam and India, as well as facilitated an incoming India mission. Connections in existing markets (e.g. the United States) as they relate to export, investment and technology opportunities were also maintained throughout the year. The Agency continued its coordination efforts with federal and provincial partners, along with private sector stakeholders, to develop an Atlantic Gateway and Trade Corridor Strategy. In concert with government partners, non-government organizations and industry stakeholders, the Agency delivered on activities established in the pan-Atlantic marketing plan to promote the Atlantic Gateway and Trade Corridor in international markets.
Balanced approach in rural/urban development	Previously committed to	Atlantic Canada is characterized by a large rural population, requiring a balanced approach in support of development opportunities in both rural and urban communities. In 2009-2010, ACOA's investment of $123.4 million through CEAP initiatives provided improved capacity for Atlantic businesses to recover from the economic downturn. Furthermore, through continued investment in its network of community economic development partner organizations, direct investment in infrastructure and other community projects funded through the Innovative Communities Fund (ICF), and investments in Aboriginal and francophone minority communities, ACOA supported economic opportunities in both rural and urban communities throughout Atlantic Canada. Of the $132.3 million in funding received by ACOA for the delivery of CEAP initiatives, 97% was committed by March 31, 2010.
Management Priority	**Type[2]**	**Performance Status: Successfully met all priorities**
Public service renewal and business/human resources integration	Previously committed to	Public Service Renewal: ACOA had successfully completed 26 public service renewal projects on March 31, 2010, involving an Agency investment of approximately $2 million over two fiscal years. Over 50% of these projects were targeted at leadership development. In accordance with the clerk of the Privy Council's action plan on Public Service Renewal, the Agency developed and implemented human resource standards for position classifications, staffing and pay, and ensured that 100% of its managers completed a customized course related to performance management. In addition, the Agency adapted its internal performance management template for executives, to comply with the new Treasury Board Secretariat guidelines. Business/Human Resources Integration: A revised integrated business and human resources planning strategy was developed that focused on key issues such a strengthening the capacity of managers in planning,

[2] Types are defined as:

- New (newly committed to for fiscal year 2009-2010)
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- Ongoing (committed to at least three fiscal years earlier, i.e. 2006-2007 or earlier)

		and by implementing an approach to integrated planning that was simple to apply, understand, and sustain. Extensive consultations among corporate and regional managers have resulted in the establishment of a small series of corporate and regional priorities in program delivery, human resources, and internal services. The Agency's first integrated business plan for 2010-2011 was approved by ACOA's executive committee in late 2009 and has served as the foundation for the preparation of individual operational plans and the integrated business and human resources plan.
Internal services	Previously committed to	In the most recent Management Accountability Framework (MAF) Round VII, ACOA has received its strongest assessment ever. The Treasury Board Secretariat observations related to ACOA's management capacity are positive overall. In total, ACOA received seven "strong" and twelve "acceptable" results, and has eliminated all "attention required" notations, meaning 100% of the Agency's MAF results were at "acceptable" or higher. The MAF assessment Round VII also concluded that the Agency's management resources and results structure essentially included the necessary elements to provide insight into the performance and effectiveness of most of the Agency's programs. In working toward maintaining management excellence, the Agency designed and implemented a comprehensive infrastructure supporting the values and ethics function in the early part of fiscal year 2009-2010. A values and ethics strategy, a communications plan, a guide, and a learning strategy were developed. Leadership has been demonstrated by setting an example, and engaging employees in dialogue. The Agency's efforts were recognized during the MAF assessment for Round VII in which ACOA received "strong" rating in this area.
Risk management	Previously committed to	ACOA has continued to further develop its integrated risk management approach within the organization. The Agency has been recognized during the MAF assessment Round VII for sustaining the momentum created in the previous year, and it has continued to expand its internal corporate risk profile consultations. ACOA has also implemented an internal communications strategy and, as a result, received its best MAF assessment to date on risk management.

1.4 Risk Analysis

1.4.1 ACOA's Response to the Changing Economic Landscape

ACOA operates within a changing Atlantic Canadian economic landscape. The Agency's broad-based approach to economic development addresses the underlying structural challenges in the economy. Being proactive in identifying opportunities requires the Agency to assess external economic factors that can affect the delivery of its programs and services. The following section provides an outline of ACOA's response to the changing economic landscape in 2009-2010. Further information on the region's economy is available online through the link provided in Section 3 of this report (in the sub-section entitled "Atlantic Canada's 2009-2010 Economic Overview and Provincial Economic Profiles").

As ACOA responded to the challenges faced by the region in 2009-2010, it also continued to shape its approach to best respond to the needs of Atlantic Canadians and the requirements of an evolving economy. The Agency continued its practice of identifying key risks it could face, and developing mitigation measures to address them.

1.4.2 Challenges and Opportunities

Responding to economic challenges and creating opportunities

Even though certain signs of economic recovery are becoming increasingly evident in Atlantic Canada, many communities continued to be tested during the past year. The Government of Canada, through ACOA, continued to work directly in 2009-2010 with communities across the region, as well as with SMEs, and numerous partners in all four Atlantic provinces to ensure a competitive Atlantic Canadian economy.

ACOA's efforts were aimed at strengthening the capacity of its many partners, and to aid in the diversification of local economies through the promotion of:

- competitive and sustainable Atlantic enterprises, especially SMEs;
- dynamic and sustainable communities; and
- policies and programs that strengthen the Atlantic economy.

Competitive and sustainable Atlantic Canadian SMEs

Labour productivity in the region is at 85% of the national level,[3] largely due to lower levels of R&D spending, technology adoption, exporting, educational attainment, and worker training. During the past fiscal year, ACOA continued to support a range of productivity improvements in SMEs through technology adoption, private sector R&D, and the commercialization of new technologies, by means of funding tools such as the BDP and the Atlantic Innovation Fund (AIF). The Agency's investments in large, leading-edge R&D projects with the private sector

[3] Calculation generated using data from Statistics Canada, National Economic Accounts-CANSIM Table 383-0010 and Table 379-0025.

and institutions such as regional universities, community colleges, and research institutes via the AIF resulted in 30 projects valued at $62.4 million being approved. These efforts assisted in advancing Atlantic Canadian SMEs' level of competitiveness in national and global markets.

An example of how ACOA promoted a competitive Atlantic economy in 2009-2010 was its support of Springboard Atlantic Inc. This network, consisting of fourteen universities and four provincial community colleges, and with a mandate to provide support for the commercialization of research in Atlantic Canada through the transfer of knowledge and technology to the region's private sector, continued to be instrumental in facilitating public-private partnerships. The network contributed to a more robust research environment across Atlantic Canadian universities, generated innovation-based developments for businesses and communities, and enhanced the development of the region's knowledge economy.

Through continued ACOA support and the Agency's alignment of its efforts with national priorities within the Global Commerce Strategy, SMEs throughout the region were able to cope with the evolving global economic situation in 2009-2010. ACOA's business, export and investment programs and initiatives helped the region's SMEs to capitalize on new priorities and emerging opportunities on a national and global scale. The Agency undertook a number of trade missions in countries including India (education, biotechnology, food and beverages, and digital media), Peru (Atlantic Gateway file), and Scotland (energy) to help SMEs expand their markets. As well, ACOA continued providing value-added trade programming that increased the productivity and competitiveness of SMEs within the region.

Dynamic and sustainable communities

The Agency's focus on competitive and sustainable Atlantic enterprises assisted the region to prosper, as did its emphasis on communities and their development in a changing economic climate. In response to a number of economic challenges facing communities throughout the country, ACOA, along with other regional development agencies, actively participated in the design and delivery of two CEAP initiatives, namely the Community Adjustment Fund (CAF) and the Recreational Infrastructure Canada (RInC) program. Through the delivery of the CEAP, ACOA had, and continues to have, a positive impact on the regional economy by helping communities expand, upgrade and renovate community facilities, creating jobs for Atlantic Canadians, and mitigating the impacts of the global recession.

Since the launch of both the RInC and CAF programs, funding has been announced for numerous projects across the region. As of March 31, 2010, ACOA's RInC allocation of $34.1 million was fully committed toward 230 projects. Under the CAF program, a total of $89.3 million was committed toward 159 projects. Of the Agency's total CAF allocation of $98.4 million, $8 million has been identified for a regional lobster marketing and product development program.

Policies and programs that strengthen the Atlantic economy

Through its policy and advocacy activities, ACOA continued defending and promoting the interests of Atlantic Canada on a number of policy issues relevant to the region, including the Atlantic Gateway, aerospace and defence, resource industries, population and immigration, science and technology, energy and environment, and bio-science.

The Agency remained focused on promoting regional events in order to bring Atlantic Canadian stakeholders together, while maintaining its involvement in international activities such as the Organisation for Economic Co-operation and Development's Territorial Development Policy Committee (TDPC). Through the TDPC, ACOA had the opportunity to promote the Canadian regional development model and gain a better appreciation of international best practices. At the regional level, the Agency organized the Atlantic Canada Student Summit (ACSS), offering post-secondary students the opportunity to share ideas on the future of the region with Atlantic Canadian business, academic and political leaders. The ACSS was an ideal occasion to discuss the region's economic challenges and assist in identifying possible opportunities. One strong message emerging from the event was the students' desire to continue to convene and discuss such priorities and ideas on a regular basis.

The Agency also ensured the renewal of its programs and their ongoing alignment with the priorities of the Government of Canada. Specifically, funding for programs such as the AIF and the ICF were renewed in Budget 2010 on an ongoing basis.

1.4.3 Mitigation Measures

The potential risks are monitored continuously by the Agency to ensure that appropriate measures are applied and risks are mitigated to the extent possible. The Agency identified four key risks and associated mitigation strategies for attention in 2009-2010. These risks, and the primary mitigation measures implemented during the year, are presented below.

Key Risk/Challenge	Mitigation Measure
1. Information Management Risk The risk that senior management is not provided with the timely, relevant information and data necessary to be informed of the financial and program health of the organization, thereby adversely affecting the support necessary for making effective decisions at the corporate or portfolio level.	There continues to be attention provided to the risks associated with inadequate management information. The Agency has effective information regimes for initiatives/functions and key issues (e.g. Public Service Renewal; finance; values and ethics). Initiatives such as the enhancement of the data collection strategy and progress in the development of data/information dashboards are underway. Additionally, there is a continuation of work on the improvement of a more robust performance measurement strategy, with linkages to risk management. The Agency received a positive rating in quality of performance reporting, assessed by Treasury Board Secretariat, in the MAF. It was noted that ACOA demonstrated a strong commitment to concise, balanced reporting supported by independently verifiable performance information to substantiate performance claims and linkage of resources to results.

2. Cost of Doing Business Risk The risk that the cost of doing business escalates and represents an increasing portion of the Agency's budget, adversely affecting operational efficiency and leading to budgetary pressures for programming.	A review of the cost of delivering the Agency's programs was completed. As an extension of this initiative, ACOA is undertaking the identification and application of efficiencies applied to the program delivery process. The Agency will also apply information gained from a resource utilization review, evaluations, a strategic review, and program renewal to further drive opportunities for efficiencies. Spending caps were implemented, and will continue to drive efficiencies.
3. People Management Risk The risk that ACOA's talent and agenda (leadership, recruitment, training, promotion, work/life balance, competencies) does not adequately sustain the necessary workforce required to carry out the Agency's mandate in the future, and that the Agency experiences a significant loss of corporate memory and has difficulties implementing change management.	The Agency has carried out considerable people management mitigation measures. Projects such as the resource utilization review, integration of human resource and business plans, attrition information, learning plans for all staff, career counselling, mandatory values and ethics training, and the Leadership Development Initiative were completed, and will contribute significantly to the mitigation of risk. During Round VII of the MAF assessment, the Agency was rated as "strong" in both areas related to people management (i.e. excellence in people management, and values-based leadership and organizational culture).
4. Reputational Risk Risk may materialize when the negative publicity triggered by certain internal or external events, whether accurate or not, compromises ACOA's reputation capital (brand), and results in a loss of credibility for the Agency.	ACOA applies communications efforts, including regular meetings with stakeholders/partners and continuous contact with clients, to promote relationships and credibility. The Agency fosters the professionalism of employees through its values and ethics strategy, which includes case studies and mandatory training on values and ethics.

1.5 Expenditure Profile

The following table shows spending for each program activity over three fiscal years. Within the 2009-2010 fiscal year, it also compares the main estimates, planned spending, total authorized spending, and actual spending.[4]

	($ millions)					
	2007-2008	2008-2009	2009-2010			
Program Activity	Actual Spending	Actual Spending	Main Estimates	Planned Spending	Total Authorities	Actual Spending
Enterprise Development	213.6	215.0	198.7	200.7	212.5	192.2
Community Development	146.1	113.1	87.7	91.6	145.8	155.7
Policy, Advocacy and Coordination	11.9	13.3	11.1	11.1	12.8	13.0
Internal Services	0.0	0.0	34.9	34.9	40.8	42.9
Total	**371.6**	**341.4**	**332.4**	**338.3**	**411.9**	**403.8**

ACOA's actual spending for 2009-2010 was $403.8 million. Compared to actual spending of $341.4 million in 2008-2009, this represents an increase of 18%, or $62.4 million. Variances in actual spending profiles are primarily due to additional money received under CEAP activities, as more fully explained below.

- Expenditures in 2009-2010 included an incremental $45.2 million under CEAP for the Community Adjustment Fund (CAF).
- Expenditures in 2009-2010 included an incremental $11.7 million under CEAP for RInC.
- Increased expenditures of $5.1 million under the Community Development program activity due to increased demand of $8.4 million under the BDP, partially offset by decreased demand of $3.3 million under the ICF.
- Other changes representing an increase of $0.4 million due to other fluctuations in programming among program activities.

[4] In 2007-2008 and 2008-2009 the resources for the program activity Internal Services were distributed among the other three program activities. However, beginning with the 2009-2010 estimates cycle, Internal Services resources are displayed separately from the other three program activities. This reduces the ability to compare program activity spending between fiscal years.

Analysis of 2009-2010

Planned spending of $338.3 million was augmented by $73.6 million provided through new authorities and transfers, including $45.2 million for the CAF; $10.4 million for RInC; $0.7 million for official languages; $1.3 million under the BDP; $3.5 million for compensation adjustments; $3.1 million for operating budget carry forward; and $1.7 million for severance pay, parental leave benefits, and leave payout; $2.6 million for the Canada Business Network; $1.7 million in support for the Building Canada program; and $3.4 million in various other minor adjustments.

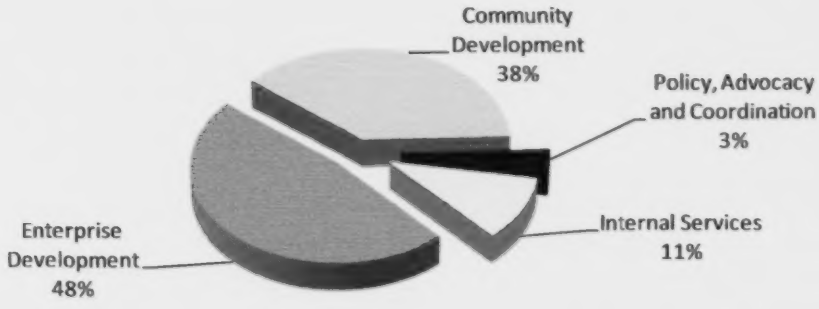
Actual spending of $403.8 million represents a surplus of $8.1 million from total authorities of $411.9 million. The Agency will access a portion of this surplus through operating budget carry forward of $4.0 million to meet planned requirements in 2010-2011. The balance of $4.1 million represents a lapse.

Analysis by Program Activity

Actual spending of $192.2 million for the program activity Enterprise Development represents a surplus of $20.3 million from total authorities of $212.5 million. The variance is largely attributable to the AIF, where actual AIF spending was less than total authorities by $12.2 million. This was due to spending on projects not flowing as anticipated. In addition, operating resources were shifted in order to respond to pressures emanating from the delivery of CEAP, and to other areas such as Internal Services.

Actual spending for the program activity Community Development of $155.7 million surpassed total authorities of $145.8 million by $9.9 million. This variance was mainly attributable to increased demand in the BDP and was funded by the surpluses in the program activity Enterprise Development. Agency spending for the two program activities Policy, Advocacy and Coordination and Internal Services is more than anticipated, due in part to additional efforts in support of renewing the Agency's programs. Additionally, funds were received from Treasury Board during the year for items such as salary increases arising from collective bargaining, which had not been included in the planned spending for 2009-2010.

2009-2010 Actual Spending by Program Activity, Expressed as a Percentage



Canada's Economic Action Plan

In reponse to the global economic downturn, CEAP initiatives were announced in Budget 2009. Funding analysis by initiative is as follows.

- CAF actual spending of $48.5 million includes $3.3 million from ACOA's existing appropriations. Of the initial $50.3 million authorities for CEAP, $5.1 million will be reprofiled.
- RInC actual spending of $12.9 million includes $2.5 million from ACOA's existing appropriations.
- Actual spending for the Canada Business Network was in accordance with total authorities.

	($ millions) 2009-2010		
CEAP Initiative	Planned Spending[5]	Total Authorities	Actual Spending[6]
Community Adjustment Fund	0.0	45.2	48.5
Recreational Infrastructure Canada	0.0	10.4	12.9
Canada Business Network	0.0	2.6	2.6
Total	**0.0**	**58.2**	**64.0**

1.5.1 Voted and Statutory Items

This table displays the way Parliament approved resources, and shows the changes in resources derived from supplementary estimates and other authorities, as well as how funds were spent.

Vote # or Statutory Item (S)	Truncated Vote or Statutory Wording	($ millions) 2007-2008	2008-2009	2009-2010	
		Actual Spending	Actual Spending	Main Estimates	Actual Spending
1	Operating expenditures	83.1	85.6	79.6	85.7
5	Grants and contributions	279.1	246.9	245.2	262.8
7	*Administration Act*, to write off from the Accounts of Canada	0.0	0.0	0.0	0.7
S	Contribution to employee benefits	9.4	8.9	7.6	10.5
S	Transfer payment (*Budget Implementation Act*, 2009)	0.0	0.0	0.0	44.1
	Total	**371.6**	**341.4**	**332.4**	**403.8**

[5] There was no planned spending reported because the CEAP initiatives announcements (in Budget 2009) were made after publication of the 2009-2010 *Report on Plans and Priorities*.

[6] Includes employee benefit costs (CAF $0.6 million, RInC $0.2 million, Canada Business Network $0.3 million).

Section 2: Analysis of Program Activities by Strategic Outcome

2.1 Strategic Outcome – A competitive Atlantic Canadian economy

Performance Indicator	Five-year Target (2008-2009 to 2012-2013)	Performance Status and Summary
Increase in Atlantic GDP for every dollar of ACOA expenditure in direct support of business	$4 to $5	On track. $7.20 (Performance is calculated over a five-year period, which will end in 2012-2013. Result reported is for the 2003-2008 period.)

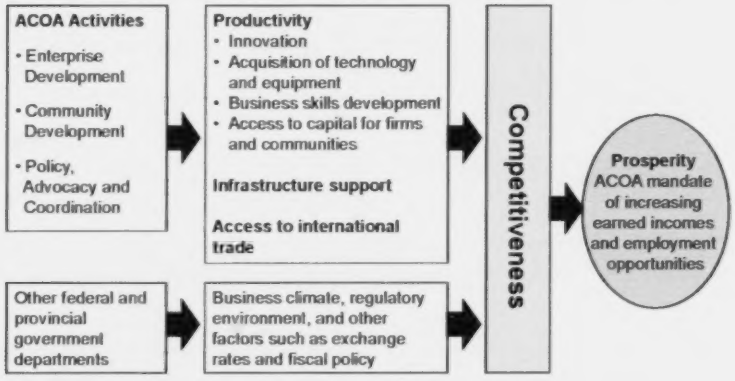
Performance Measurement Strategy: Increasing income and employment in Atlantic Canada is a long-term, multi-dimensional undertaking. The Agency reports results every five years, based on analysis of data from Statistics Canada and internal systems, using econometric modelling. This performance indicator is under review and may be adjusted at a later date.

ACOA aims to achieve a competitive Atlantic Canadian economy for the long-term benefit of all Atlantic Canadians. A competitive region will grow faster over the medium to long run. A competitive economy will increase opportunities for economic development in the region, specifically through the growth of earned incomes and employment opportunities for Atlantic Canadians.

Competitiveness is determined by the set of institutions, policies and factors that affect the capacity of firms to sell their products globally. Productivity is an important determinant of competitiveness and, according to the Organisation for Economic Co-operation and Development; it is the most important source of long-term prosperity for a region. Productivity, defined as the efficiency with which resources are used in the economy, is a key measure of how well small and medium-sized enterprises (SMEs) in Atlantic Canada are performing when compared with those in other regions of the country and elsewhere around the world.

Achieving a competitive Atlantic economy for the long-term benefit of all Atlantic Canadians continued to be ACOA's focus in 2009-2010. ACOA directed its efforts toward improving competitiveness in three key areas: productivity, infrastructure support and access to international trade. To increase the performance of Atlantic Canadian SMEs, the Agency targeted key productivity drivers, including innovation, the acquisition of technology and equipment, business skills development, and access to capital for firms and communities. ACOA also focused on trade and investment to increase export capabilities and encourage international trade, and played a strategic role in supporting community infrastructure required for economic development. By concentrating its efforts in these areas, the Agency, along with its many partners, was able to link its regional economic development priorities to its goal of a competitive Atlantic economy and to the Government of Canada's outcome of "Strong Economic Growth".

Productivity, Competitiveness and the ACOA Mandate


ACOA Activities
• Enterprise Development
• Community Development
• Policy, Advocacy and Coordination
Productivity
• Innovation
• Acquisition of technology and equipment
• Business skills development
• Access to capital for firms and communities
Infrastructure support
Access to international trade
Other federal and provincial government departments
Business climate, regulatory environment, and other factors such as exchange rates and fiscal policy
Competitiveness
Prosperity
ACOA mandate of increasing earned incomes and employment opportunities

Three program activities (Enterprise Development, Community Development, and Policy, Advocacy and Coordination) were directed at helping Atlantic Canadians and the region to prosper and compete on a national and global scale. In 2009-2010 the Agency continued to:

- foster improved productivity of Atlantic Canadian companies by focusing on measures such as research and development, acquiring advanced technologies, and investing in business skills development;
- increase its focus on commercialization of innovative technologies, identifying and pursuing opportunities through programs such as the Atlantic Innovation Fund (AIF), as well as encouraging capacity development in new and emerging sectors;
- build on past successes in trade by aligning its efforts with the Government of Canada's Global Commerce Strategy and the related Americas Strategy, and by engaging in activities that capitalized to a greater extent on emerging markets;
- coordinate efforts to ensure that the region is well poised to benefit from the Atlantic Gateway, which offers significant opportunities for long-term economic expansion in Atlantic Canada;
- respond to changing economic circumstances by pursuing and participating in strategies that support opportunities in the region's rural and urban areas (such as the Government of Canada's Economic Action Plan or CEAP), and by investing in initiatives that provide best value for investment while addressing community priorities; and
- advocate the interests of the region in order to ensure new government initiatives are responsive to the needs of Atlantic Canadians.

A measure of the impact of ACOA's expenditures in direct support of businesses in Atlantic Canada is the increase in the gross domestic product (GDP) resulting from these investments. The results are obtained through investment expenditures from commercial projects, as well as the direct creation of jobs from these projects. In the Agency's most recent *Five-Year Report to Parliament (2003-2008)*, it is estimated that real GDP was $1.2 billion higher (in constant 1997 dollars) in 2007 than it would have been in the absence of ACOA's expenditures in direct support of businesses. (Real GDP is the inflation-adjusted value added of products and services produced in a given year in an economy.) Furthermore, over the five-year period covered by the report, direct ACOA support to businesses for commercial projects produced increases of over $7 in GDP gains for every dollar of ACOA expenditure.

2.1.1 Program Activity: Enterprise Development

STRATEGIC OUTCOME	PROGRAM ACTIVITY	PROGRAM SUB-ACTIVITY
A competitive Atlantic Canadian economy (1.0)	Enterprise Development (1.1)	• Innovation (1.1.1) • Entrepreneurship and Business Skills Development (1.1.2) • Trade (1.1.3) • Investment (1.1.4) • Financing Continuum (1.1.5)

Expected Results: Improved growth and competitiveness of Atlantic SMEs

Performance Indicator	**Annual Target** (2009-2010)	**Performance Status and Summary**
Survival rate ratio of ACOA-assisted firms	1 to 2 times higher than comparable firms	Met all. (1.3)
Number of new business start-ups that have received funding from ACOA to help them become established	43	Not met. (15)

Performance Measurement Strategy: Undertake analysis of data from Statistics Canada and internal systems data by comparing ACOA clients to "comparable firms" – those that are of similar age, size, sector and geographic region, but that have not received a direct monetary contribution from the Agency.

Financial Resources ($ millions)			**Human Resources (FTEs)**		
Planned Spending	Total Authorities	Actual Spending[7]	Planned	Actual	Difference
200.7	212.5	192.2	206	212	(6)

Program Activity Summary

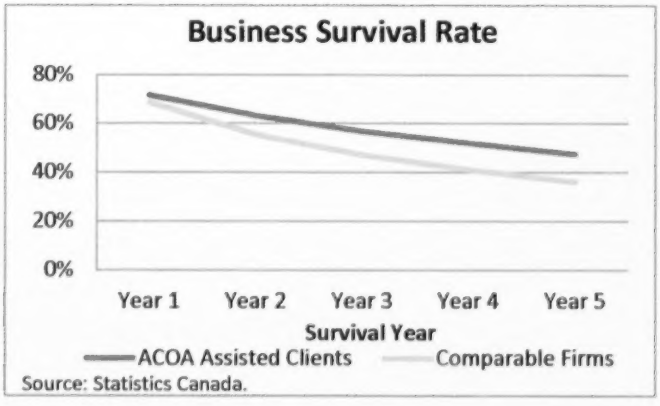
ACOA works in partnership with Atlantic Canadian enterprises, stakeholders, industry and institutions to improve the growth and productivity of Atlantic Canada's economy, leading to increased competitiveness, earned incomes and job creation.

Through sustained efforts in innovation, entrepreneurship and business skills development, as well as in trade and investment, the Enterprise Development objective is to work with SMEs throughout their business life cycle. This includes providing advice prior to start-up; assisting them to start, expand or modernize, or to establish and expand their export activities; partnering with universities and other institutions to increase the region's research and development capacity, commercialization and productivity; and promoting and participating in the region's transition to a knowledge economy.

[7] The variance is largely attributable to the Atlantic Innovation Fund (AIF), where actual AIF spending was less than total authorities by $12.2 million. This was due to spending on projects not flowing as anticipated.

Performance Analysis

ACOA provides assistance to enterprises in Atlantic Canada with the objective of improving their growth and competitiveness in the marketplace. Business survival rates can be used to measure the Agency's performance in terms of competitiveness. A company's survival depends on many factors including the age of the business, location and size. The five-year survival rate[8] for ACOA-assisted firms is notably above the rate for comparable firms. In fact, the business survival rate for ACOA-assisted firms is 47% after the crucial fifth year following start-up, compared with 36% for comparable firms.



Source: Statistics Canada.

The Agency did not meet its target of funding the establishment of new business start-ups in 2009-2010 (15 actual vs. 43 targeted). This was due to a combination of challenging economic conditions and a shift in Agency priorities. To respond to the national priority of productivity improvement as established in *Advantage Canada*, ACOA has increased its focus on improving the productivity of existing SMEs, while being more selective and strategic in investing in business start-ups where employment opportunities would be the greatest. The Agency is in the process of developing indicators to measure the impact of its increased focus on productivity and competitiveness.

ACOA's focus on improving productivity and commercialization is demonstrated through solid investments. In 2009-2010, the Agency approved the funding of 30 new projects under the AIF, committing $62.4 million and leveraging an additional $49 million from other sources such as universities and other research institutions, provincial governments, the private sector, and national research and development (R&D) programs. In addition to the AIF, ACOA funds R&D, technology adoption/adaptation, business support activities, and productivity improvement projects under the Business Development Program (BDP). During 2009-2010, a further $43 million was approved under the BDP for projects related to innovation.

The 2010 impact evaluation[9] of the innovation program sub-activity found that ACOA's support for innovation is contributing to enhanced commercialization capacity and productivity levels in Atlantic Canada. Funded projects are resulting in the acquisition and installation of leading-edge technology, improved production strategies, new products, certifications, and access to new markets. An increase in commercialization activity has been identified through patent awards, spinoff firm creation, and the commercialization of many products, services, technologies, and

[8] Business Special Surveys and Technology Statistics Division, Statistics Canada, March 2010.
[9] *Impact Evaluation of the Atlantic Canada Opportunities Agency Innovation Program Sub-activity, Final Report*, ACOA Evaluation Unit, January 19, 2010. see http://www.acoa-apeca.gc.ca/English/Accountability/AuditsAndEvaluations/Pages/InnovationEvaluationReport.aspx

processes. These results are having a significant impact on revenue generation. For example, the 22 organizations represented in the case studies indicated that commercialization activities resulting from AIF funding have contributed to additional sales of approximately $248 million.

Also in 2009, under the AIF's commercialization initiative, the Agency developed and approved a project to help Atlantic Canadian high growth companies raise capital and avail themselves of opportunities in emerging international markets. A second project will undertake strategic activities aimed at mentoring and educating key industry stakeholders, as well as promoting partnerships and building strategic alliances aimed at commercialization and growth in the medical technologies industry.

Atlantic Canada's ability to be competitive and maintain prosperity is a direct outcome of productivity. Productivity improvements in the region can be achieved by ensuring that entrepreneurs have the right business skills to be successful. ACOA's investments in business skills development activities have enabled Atlantic Canadian entrepreneurs to acquire the skills relevant to enhancing the start-up, survival and growth of their businesses. Doing so has helped build SMEs' skill capacities and ultimately improve productivity. In addition, the Agency has invested in projects that help increase the pool of Atlantic Canadians who have the motivation and skills to plan and start new businesses in the region. Seventy-seven per cent of participants in entrepreneurship awareness and promotion activities indicated that the activity increased their intent to start a business, and 87% of participants in business skills development activities indicated that they improved their business skills.

The Agency's activities in the area of trade are not only intended to help SMEs improve their export-readiness potential, but also to bring them to a point where they can start actively exporting. ACOA continued its efforts to ensure that programs are sustainable and capable of supporting a growing number of exporters pursuing a broader range of markets. Consolidation of the Atlantic Trade and Investment Partnership (ATIP) and the International Business Development Program (IBDP) into the BDP, will streamline operations and access to service.

ACOA's efforts in international markets are aligned with priorities identified in Canada's Global Commerce Strategy. During the past year, the Agency led four projects related to India, including an incoming mission of delegates in August 2009 and an exploratory mission in January 2010 with business delegates in education, biotechnology, food and beverages, and digital media. In the Americas, the Agency has conducted two trade missions to Panama and one to Peru.

Several marketing projects were undertaken related to strategic gateways and trade corridors, including Breakbulk Europe, Air Cargo Europe, Jumpstart North America, a mission to Vietnam, an outreach event in NYC/Newark, and Breakbulk North America.

The Agency continued to play a key role in building awareness of Atlantic Canada in international markets through initiatives such as ACOA's Invest in Atlantic Canada website. Nearly 35,000 potential investors and clients visited http://www.acoa.gc.ca/invest during the year, seeking and finding information on Atlantic Canada and its unique business advantages.

A number of financing gaps still exist in Atlantic Canada, and the Agency aims to address these through its financing continuum program sub-activity. ACOA provided financial support of $21.4 million to SMEs needing to expand or modernize their operations in order to remain competitive. This assistance is being leveraged by a further $42.7 million from other sources, allowing a total of $64.1 million of investment to be made by SMEs in the region. Furthermore, 74% of the assistance approved under the financing continuum program sub-activity is being invested in SMEs and organizations in rural areas, whereas 26% has gone toward urban clients.

Lessons Learned

The Agency is already working to implement recommendations from the recent impact evaluation of the innovation program sub-activity, which focused on reviewing the approach to cluster development; further developing its commercialization strategy; building on the effectiveness of its current innovation strategy and supporting activities; and reviewing the effectiveness and efficiency of its processes.

Efforts were launched to mitigate the risks related to efficiency and information management. The IBDP, the program supporting the International Business Development Agreement (IBDA), was merged with the BDP. As a result, starting in April 2010, IBDA is being funded through BDP. ATIP was folded into regular operations. Necessary work will be done to consolidate the program sub-activities trade and investment into one program sub-activity, international business development. Also, an evaluation of the trade and investment program sub-activities was conducted, and preliminary findings pointed toward a high level of need, satisfaction and effectiveness. It also showed room for strengthening coordination, simplifying process, and improving performance measurement.

Finally, the suite of enterprise development programs will continue to be examined in support of the Agency's long-term strategic direction to ensure that the repositioning of its programs is in accordance with the priorities of the Government of Canada.

Benefits for Canadians

Results provided through the recent impact evaluation of the innovation program sub-activity demonstrated that ACOA has been successful in investing in R&D, enhancing productivity and commercialization capacity, and fostering partnerships and collaborative arrangements. Collectively, activities undertaken in each of these key areas are helping to strengthen innovation and commercialization capacity in Atlantic Canada. In addition, through the support of the AIF and the BDP (including the productivity and business skills initiative), the ACOA innovation program sub-activity is considered to be effective in providing value for money.

Furthermore, ACOA strives to apply its limited resources to areas offering the greatest potential impact. Given its mandate, the Agency focuses on SMEs as they have the most significant and sustained impact on jobs in Atlantic Canada.[10] By adopting a balanced rural/urban approach in

[10] Between 2000 and 2005, 93% of jobs created by firms in Atlantic Canada were attributed to small businesses. Calculation generated using data from Statistics Canada Longitudinal Employment Analysis Program.

helping SMEs to become more innovative, productive and competitive, the Agency assists all regions of Atlantic Canada to become stronger, thereby facilitating their increased contributions to the national economy.

Canada's Economic Action Plan Initiatives

Canada Business Network

Budget 2009 provided $30 million over two years for the renewal of the national Canada Business Network. Of this amount, ACOA receives $2.6 million annually to deliver this service in the Atlantic provinces.

Expected results: Access for Atlantic Canadians to accurate, timely and relevant business information

Performance Indicator	Two-year Target (2009-2010 through 2010-2011)	Performance Status and Summary
Level of client satisfaction[11]	80%	Data not available for 2009-2010. Last survey performed in 2007-2008 indicated a satisfaction rate of 85%.

Performance measurement strategy: Undertake analysis of data from client surveys, Canada Business Network's national client survey, and internal database systems/reports.

Financial Resources ($ millions)		
Planned Spending[12]	Total Authorities	Actual Spending
0.0	2.6	2.6

A key indicator of the Canada Business Network's performance is client satisfaction. Although no official survey was completed in 2009-2010, an internal review of the Canada Business Network was performed in 2008-2009, which included client and stakeholder consultations. This review validated the need for the service and led to the renewal of the initiative and a revised service strategy. Implementation of the revised service strategy began in 2009-2010, with enhanced efforts in outreach and promotion to ensure more Canadians are aware of and use the service.

[11] This performance indicator is currently under review.

[12] There was no planned spending reported because the CEAP initiatives announcements (in Budget 2009) were made after publication of the 2009-2010 *Report on Plans and Priorities*.

Community Adjustment Fund

Financial Resources ($ millions)		
Planned Spending[13]	Total Authorities	Actual Spending
0.0	5.1	6.0

The Community Adjustment Fund (CAF) is delivered via the Innovative Communities Fund, as well as the BDP. While most projects funded under CAF are aligned with ACOA's Community Development program activity, some are of a commercial nature and are aligned with ACOA's Enterprise Development program activity. CAF expected results and performance indicators are reported in Section 2.1.2.

[13] There was no planned spending reported because the CEAP initiatives announcements (in Budget 2009) were made after publication of the 2009-2010 *Report on Plans and Priorities*.

2.1.2 Program Activity: Community Development

STRATEGIC OUTCOME	PROGRAM ACTIVITY	PROGRAM SUB-ACTIVITY
A competitive Atlantic Canadian economy (1.0)	Community Development (1.2)	• Community Mobilization (1.2.1) • Community-based Business Development (1.2.2) • Community Investment (1.2.3) • Infrastructure Programming (1.2.4)

Expected Results: Dynamic and sustainable communities for Atlantic Canada

Performance Indicator	Target	Performance Status and Summary
Increased capacity in community decision making, planning and delivery	Evidence of impact (resulting from evaluations, and supported by data)	Met all. Supported by evaluation findings that the program was well aligned with government priorities. Management action plans approved.
	Annual Target (2009-2010)	
Number of new business start-ups that have received funding from Community Business Development Corporations (CBDCs)	919	Exceeded. 936
Number of businesses that have received funding from CBDCs to stabilize or expand operations	894	Exceeded. 917

Performance Measurement Strategy: Undertake analysis of evaluations and CBDC e-reports.

Financial Resources ($ millions)			Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
91.6	145.8	155.7[14]	96	111	(15)

Program Activity Summary

The Atlantic economy is built on the region's many geographic, linguistic and cultural communities. From small remote villages to larger urban centres, the opportunities and challenges vary significantly. ACOA recognizes the importance of these communities in an economic development framework, and supports their efforts to assume full responsibility for their own economic development. The Agency believes that effective community development is a bottom-up process, and that many communities require help to develop the tools, resources and initiatives that support individual and unique strategic development. This kind of development requires a flexible approach, based on the particular realities of the communities being targeted. Working in close co-operation with communities and community-led organizations involved in economic development planning and mobilization efforts, ACOA provides strategic funding that

[14] The variance was mainly attributable to increased demand in the BDP.

enables communities to strengthen their economic base and increase prosperity for their citizens. The Agency continues to focus efforts on promoting the vitality of official language minority communities and Aboriginal communities.

Performance Analysis

In response to the Government of Canada priorities as articulated in CEAP included in Budget 2009, ACOA shifted the focus of its suite of community economic development programs to help Atlantic Canada along the road to economic recovery.

ACOA played a critical role in 2009-2010 in delivering on CEAP results in Atlantic Canada. First, the Agency participated in the design of two CEAP initiatives: CAF and the Recreational Infrastructure Canada (RInC) program. ACOA successfully implemented both programs and delivered timely results. For RInC, a total of 230 projects were approved, fully committing the Agency's allocation of $34.1 million and leveraging an additional $91.6 million through provincial and municipal governments. For CAF, 159 projects were approved, committing $89.3 million in Atlantic Canadian communities and leveraging an additional $164 million from other sources. Further information on the results achieved under these two initiatives can be found in the following CEAP subsection.

Furthermore, Budget 2010 confirmed the Government of Canada's ongoing support for the Innovative Communities Fund (ICF). The ICF funds strategic initiatives that respond to the economic development needs of communities. In 2009-2010, over $73 million was disbursed to rural Atlantic Canadian communities for projects such as:

Town of Lewisporte, Newfoundland and Labrador – ACOA invested $98,000 to assist with upgrades to an existing community building with a view to transforming it into a year-round, multi-purpose facility capable of hosting conventions, conferences, trade shows, tourism events and concerts. The enhanced facility will not only support existing business and tourism venues, but will also encourage the development of new activities that will benefit the local economy.

UNESCO Heritage Project in Lunenburg, Nova Scotia – Funding was provided for improvements to the tourism facility of the town of Lunenburg, enabling the construction of the UNESCO Heritage Plaza, together with UNESCO signage and kiosk. A heritage sustainability strategy was also developed to guide the town's development over the next 10 to 15 years.

Budget 2010 also confirmed the government's continued support for the Community Futures (CF) program. CF provides funding in support of Atlantic Canada's CBDCs, which continued to provide an essential source of capital to assist Atlantic Canada's rural businesses. In 2009-2010, $60.6 million in financing to rural SMEs was provided through these 41 community-based organizations. These investments provided by CBDCs have resulted in 936 new business start-ups, and have assisted in stabilizing or expanding 917 SME operations, slightly exceeding the objectives set forth for 2009-2010. ACOA also provided support to CBDCs to develop a uniform platform for presenting annual reports and results to their communities, and has been working with CBDCs to improve the use of their investments funds.

ACOA continued to work with CBDCs and the Regional Economic Development Organizations (REDOs) to ensure that resources were maximized and results achieved. ACOA invested $9.2 million to support the Atlantic network of 52 REDOs, which help coordinate and focus strategic economic development efforts at the local and regional levels. ACOA's funding helped leverage over $7.6 million from provincial and municipal governments for the creation of strategic economic plans for rural communities across Atlantic Canada, involving hundreds of local stakeholders and decision-makers.

ACOA also collaborated with several Aboriginal, Acadian and francophone communities across the region to ensure they remain active participants in the Atlantic economy. For example, the Agency provided operational funding to Ulnooweg Development Group Inc., Atlantic Canada's only Aboriginal capital corporation, which provides commercial lending and business advisory services to new and existing Aboriginal businesses in all four Atlantic provinces. With respect to funding targeting the region's minority francophone population, the Agency also contributed $1.3 million to the boat building and repair sector in northern New Brunswick, an economic driving force in the Acadian Peninsula. In addition to providing regular ACOA funding, the Agency is also delivering incremental funding under the Economic Development Initiative, a source of federal government financing under the *Roadmap for Linguistic Duality 2008-2013: Acting for the Future*.

Lessons Learned

An independent evaluation of ACOA's community investment and community development resources program sub-activities was completed in 2009-2010.[15] The evaluation also covered the official language minority communities and aboriginal communities program sub-activities. In addition, an evaluation of the Community Futures program was completed in 2009.[16] These reports were generally positive, noting that ACOA supported Atlantic Canadian communities in diversifying their economies and attracting new investment that will keep Atlantic Canadians at home, working in and contributing to communities across the region. The evaluations noted that, while ACOA should continue to invest in community-based organizations, the Agency needs to clarify the delineation of roles and responsibilities of organizations of this nature regarding the ACOA contributions. In recognition of the different needs and opportunities across and within regions, ACOA needs to ensure that, by clarifying the roles and responsibilities, it does not negatively affect regional flexibility, as this is an important aspect of the Agency's programming. For instance, memorandums of understanding (MOUs) between CBDCs and regional development agencies have been signed to promote and build on a collaborative relationship between the two ACOA-funded organizations. In Newfoundland and Labrador, the

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[15] *Evaluation of the ACOA Community Investment, Community Development Resources, Official Language Minority Communities and Aboriginal Communities Program Sub-activities*, ACOA, December 3, 2009. http://www.acoa-apeca.gc.ca/English/Accountability/AuditsAndEvaluations/Pages/ACOACommunityDevelopmentEvaluationPage1.aspx

[16] *Evaluation of the Community Futures Program in Atlantic Canada Final Report*, ACOA, June 2009 http://www.acoa-apeca.gc.ca/English/Accountability/AuditsAndEvaluations/Pages/EvaluationoftheCommunityFuturesPrograminAtlanticCanada1.aspx

provincial association of regional economic development boards signed an MOU with the provincial association of CBDCs to strengthen collaboration. ACOA is continuing to work with REDOs and CBDCs in response to this recommendation. An audit of the Community Futures program was also carried out with positive results.[17]

ACOA is planning continuing improvement in its ability to systematically monitor the longer term impacts of its range of community economic development programs.

Benefits for Canadians

Atlantic Canada remains one of the most rural regions in Canada, with more than 40% of its population located in rural communities. The region was affected by the worldwide economic downturn that began in late 2008, which resulted in tightened lending conditions by financial institutions. As a result, industries in rural areas were particularly impacted. Through ACOA's programs and its network of largely rural community development organizations, Atlantic businesses were able to access capital and adjust to the changing economy, thus retaining jobs that would have otherwise been at risk. ACOA's ability to efficiently implement CEAP funding initiatives provided improved capacity for Atlantic businesses to recover from the downturn. In fact, ACOA took a coordinating leadership role among the regional development agencies to develop the required tools and processes for a consistent and efficient delivery of RInC.

Key findings of ACOA program evaluations outline that its programs are well aligned with government-wide priorities, and are helping ACOA improve the capacity for economic development in communities throughout Atlantic Canada. Furthermore, independent evaluations[18] of ACOA's community development programming confirm that this type of assistance not only helps small businesses grow and prosper in rural communities, but also directly contributes to the capacity and readiness of communities to develop and carry out further community economic development initiatives. In Atlantic Canadian rural communities, traditional sources of funding are limited, and these outcomes would not be achievable in the absence of ACOA programming. These evaluations also conclude that this programming is relevant to the needs of communities across the region, and continues to be well aligned with government-wide priorities. ACOA believes that, through its community-based initiatives, it is providing appropriate and targeted responses to the unique and challenging economic circumstances throughout Atlantic Canada.

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[17] *Audit of the Community Futures Program, Final Report*, ACOA, December 2009. http://www.acoa-apeca.gc.ca/English/Accountability/AuditsAndEvaluations/Pages/AuditofCommunityFutures.aspx

[18] *Evaluation of the Atlantic Canada Opportunities Agency Community Investment, Community Development Resources, Official Language Minority Communities and Aboriginal Communities Program Sub-Activities*, ACOA, December 3, 2009; and
Evaluation of the Community Futures Program in Atlantic Canada, ACOA, June 2009.

Canada's Economic Action Plan Initiatives

Community Adjustment Fund[19]

Expected results: Projects resulting in viable, more diversified communities, evidenced by a greater degree of integrated community-based decision making, improved strategic community infrastructure, improved skills in the community and improved access to the skills needed in the community, strengthened community, and sustained partnerships after the projects.

Performance Indicator	Two-year Target (2009-2010 through 2010-2011)	Performance Status and Summary (2009-2010)
Number of projects and initiatives generated	150	Exceeded. 159
Dollar value of investments created in enterprises or communities	$260 million	On track. Assessment of the two-year target is ongoing. Results after one year: $253 million (97% of target)
Enterprises created, maintained, or expanded	12	On track. Assessment of the two-year target is ongoing. Results after one year: 9 (75% of target)

Performance measurement strategy: Analysis of data from internal systems and other client and project tracking systems.

Financial Resources ($ millions)		
Planned Spending[20]	Total Authorities	Actual Spending
0.0	40.1	42.5

In its first year, CAF has provided timely and important support to various communities impacted by the economic downturn. Of the total $98.4 million allocation, $90.4 million was designated for "CAF regular" projects, with 94% of this amount committed as of March 31, 2010. The remainder of the fund, $8 million, was allocated to "CAF lobster" projects, with 58% of this portion committed by the end of the fiscal year. The above performance status relates to the first year of CAF, while the target is for the program's full duration. Results after one year exceeded expectations. Below are examples of projects funded.

Investment in the forestry industry in Nova Scotia and New Brunswick
ACOA and Enterprise Cape Breton Corporation have committed a total of $15.5 million over two fiscal years (2009-2010 to 2010-2011) to support the forest industry's long-term viability. Combined, these projects are providing employment opportunities throughout Atlantic Canada, while at the same time increasing wood supply to meet future demands.

[19] While most of the CAF projects are allocated to the program activity Community Development, nine projects worth $6 million were captured in the Enterprise Development program activity (see Section 2.1.1) due to their commercial nature. Nevertheless, these results are included in the CAF section within Community Development.
[20] There was no planned spending reported because the CEAP initiatives announcements (in Budget 2009) were made after publication of the 2009-2010 *Report on Plans and Priorities*.

Investments in the lobster industry through various lobster initiatives
The federal government has identified $10 million, of which ACOA is delivering $8 million, to provide support to the lobster industry, which is facing difficult economic circumstances. ACOA has been working closely with Fisheries and Oceans Canada and other federal departments, the provinces, and the industry on the marketing and promotion of lobster, as well as fostering innovation within the lobster industry via technology acquisition and development. As of March 31, 2010, 17 projects had been approved, having a total contribution of $4.6 million.

Recreational Infrastructure Canada

Expected results: Timely, targeted, and temporary stimulus to the Canadian economy, and mitigation of the impacts of the global economic recession, by increasing the total amount of construction activity related to recreational infrastructure.

Performance Indicator	Two-year Target (2009-2010 through 2010-2011)	Performance Status and Summary (2009-2010)
Demonstrated linkages between projects and economic opportunities	Evidence of impact through examples provided by clients	On track. Assessment of the two-year target is ongoing. Results after one year: 18 examples collected.
Dollars leveraged on federal investments	2:1 (every dollar invested by RInC will leverage two dollars)	Exceeded. 2.67:1.00 (every dollar invested by RInC leveraged $2.67)
Number of projects successfully completed	200	Progress being made toward target. Assessment of the two-year target is ongoing. Results after one year: 38 (19.5% of target).

Performance measurement strategy: Analysis of data collected from internal systems, client progress reports, and anecdotal information from client interviews.

Financial Resources ($ millions)		
Planned Spending[21]	Total Authorities	Actual Spending
0.0	10.4	12.9

In its first year of implementation, the RInC initiative provided immediate, targeted stimulus to the economy of Atlantic Canada by assisting to mitigate the impact of the global economic recession through increased construction activity in the recreational sector. As of March 31, 2010, ACOA had fully committed its RInC allocation by committing $34.1 million in projects across Atlantic Canada and leveraging $91.6 million.

The results indicated are for the first year of the delivery of RInC, while the target set was for the duration of the two-year program, ending March 31, 2011. The performance indicated above is seen as positive results. Evidence of the impact of RInC investments includes:

[21] There was no planned spending reported because the CEAP initiatives announcements (in Budget 2009) were made after publication of the 2009-2010 *Report on Plans and Priorities*.

Bathurst, New Brunswick – Coronation Park and arena repairs

The City of Bathurst received $118,000 for repairs to Coronation Park and its arena. One component of the project was the replacement of flooring to cover the ice surface when no hockey games were scheduled, in order to be able to host other events. The repairs resulted in lower costs of operations for the K.C. Irving Civic Centre and the City of Bathurst.

Charlottetown, Prince Edward Island – Arena Upgrades

The Cody Banks arena in Charlottetown is able to accommodate the increasing number of female athletes using the facility, thanks to a Government of Canada investment of $55,232. The investment will go toward a project that will add two dressing rooms at the arena and provide additional accommodations during tournaments.

2.1.3 Program Activity: Policy, Advocacy and Coordination

STRATEGIC OUTCOME	PROGRAM ACTIVITY	PROGRAM SUB-ACTIVITY
A competitive Atlantic Canadian economy (1.0)	Policy, Advocacy and Coordination (1.3)	• Policy (1.3.1) • Advocacy (1.3.2) • Coordination (1.3.3)

Expected Results: Policies and programs that strengthen the Atlantic economy.

Performance Indicator	**Annual Target** (2009-2010)	**Performance Status and Summary**
Atlantic regional economic policies and programs that respond to regional development opportunities	Continued government support to Agency priorities, collaboration with other federal departments, and engagement with other partners in Atlantic Canada in areas that will contribute to increasing the competitiveness of Atlantic Canada's economy	Successful collaborative efforts with other government departments, as well as the four provincial governments of the region and other partners, on key issues pertaining to ACOA's priorities. Coordinated the renewal of funding for ACOA's key programming, leading to ongoing funding announced in Budget 2010.

Performance Measurement Strategy: Undertake analysis of information from ACOA's Policy Network and key informant surveys, evaluations and qualitative reviews, as well as indicators from the federal government's budget speech, the Speech from the Throne, and decisions by central agencies.

Financial Resources ($ millions)		
Planned Spending	Total Authorities	Actual Spending
11.1	12.8	13.0

Human Resources (FTEs)		
Planned	Actual	Difference
99	89	10

Program Activity Summary

ACOA's Policy, Advocacy and Coordination (PAC) program activity is central to identifying and effectively responding to opportunities and challenges facing the regional economy. PAC provides intelligence, analysis and well-grounded advice on a broad range of issues and topics relevant to the region's economic development, and informs and supports decision making by the Agency and the minister. PAC helps carry the Agency's agenda forward, and ensures that ACOA remains relevant and responsive to the opportunities and challenges facing Atlantic Canada. PAC offers strategic, researched policy positions that reflect the region's potential; influences national policies and programs that affect Atlantic Canada's development and interests; and coordinates other policies and programs within the region to form integrated approaches to development.

Performance Analysis

Agency officials worked closely with other federal departments and central agencies to ensure measures included in CEAP were responsive to the economic challenges of Atlantic Canada. Of particular importance were ACOA's efforts to ensure that resource industries and resource dependent communities in the region were able to fully participate in the CAF, that Atlantic Canadian communities could benefit from the RInC program, and that Atlantic Canada's renewable energy potential was advanced with support from the Clean Energy Fund. The Agency's work in this regard also served to have stimulus funding more directly respond to the lobster industry crisis. ACOA also continued to strengthen its relationship with the other federal regional development agencies, to address national issues from a regional perspective, and to align national policies with regional priorities. This included guidance, advice and assistance to the newly established regional development agencies for southern Ontario and the North in 2009-2010.

In 2009-2010, ACOA developed policy advice and research, provided economic and fiscal analyses, and engaged stakeholders. The Agency's policy and research work focused on the Atlantic Gateway and international trade, demographics, regional productivity, and the region's overall economic situation. For example, policy officials developed overviews for a number of industrial sectors such as resource industries and tourism. The Agency continued its leadership for Canada on the Territorial Development Policy Committee of the Organisation for Economic Co-operation and Development (OECD) and engaged with the OECD in a variety of areas, serving as a platform to share the Canadian approach to regional development on an international stage. Engagement activities were also undertaken with the private sector and academia through entities such as the Atlantic Canada Opportunities Board, the Atlantic Gateway Advisory Council (AGAC), and Metropolis. In addition, the policy function offered support and analysis throughout the process that was required to renew ACOA's programs and other strategic activities, and pursued its collaborative work with provincial and federal partners in the Atlantic Population Table, for which the Agency serves as the federal co-chair.

ACOA continued efforts to ensure that Atlantic Canada's needs were reflected in federal policies, programs and regulations. The Agency's advocacy function aimed to advance Atlantic interests in national policy and program development so that government initiatives were responsive to the needs of the region. A core consideration for ACOA advocacy activities in 2009-2010 was to seek out ways federal initiatives could assist Atlantic Canada in facing the current global economic challenges. The advocacy focus was on the Atlantic Gateway, federal facilitation of Atlantic Canada's energy potential, as well as increased emphasis on the commercialization needs of Atlantic Canadian businesses in federal science and technology investments. Advocacy initiatives were also directed toward aerospace and defence industries' bolstering of the Atlantic Canadian economy. In 2009-2010, ACOA's advocacy efforts helped leverage approximately $500 million in industrial regional benefits (IRB) commitments to assist in the building of a strong and thriving aerospace and defence industry in the region. The Agency acted as the lead liaison for Atlantic firms in the delivery of the IRB policy in providing education, awareness and development for Atlantic small and medium-sized enterprises.

Over the past five years, ACOA's continued procurement advocacy efforts have helped leverage over $2 billion in industrial and regional benefit commitments for Atlantic Canadian firms. During this same period, the Agency has led more than 25 industry tours reaching 30 international prime contractors and over 100 Atlantic firms. These activities have allowed Atlantic firms to become key suppliers within the global aerospace and defence industry.

ACOA played a coordination role in federal-provincial initiatives such as the Atlantic Gateway Federal-Provincial Officials Committee, and also collaborated with the provinces on a number of issues, e.g. tourism, demographics, aboriginal issues, resource sectors, and renewable energy. The regional federal councils addressed an array of topics relevant to the region, including Public Service Renewal and official languages. For example, the New Brunswick Federal Council hosted a symposium celebrating 40 years of linguistic duality in the province, providing an opportunity to reflect on the successes, challenges and best practices in regard to official languages in the federal public service over the last four decades. ACOA also worked with other regional development agencies (RDAs) to ensure a coordinated approach to regional development issues, including the RDAs' contributions to national policy discussions on the government's priorities moving out of the recession. The Agency also ensured particular collaborative support to the new regional development agencies for Canada's North and for southern Ontario.

Lessons Learned

During the past year, a number of PAC efforts have actively contributed to the Agency's evolving appreciation and understanding of Atlantic Canada's competitive economy and its various stakeholders. By strengthening its stakeholder engagement practices and collaborative initiatives, the Agency is ensuring that its policies and programs are innovative and address government priorities in achieving results for Canadians.

One such effort is the third Atlantic Research Money conference, held in St. John's, Newfoundland and Labrador, in 2009. The Agency was a sponsor and a key collaborator in the organization of this event with the four Atlantic Canadian provincial governments. The conference's theme was Investing for Economic Sustainability, and provided all attendees, including ACOA officials, an opportunity to discuss (a) the region's unique strengths on which industrial R&D capacity can be built; (b) the role of governments, industry and the research community in contributing to economic sustainability in Atlantic Canada; and (c) what can be learned from other jurisdictions from Canada and around the world.

In early 2010, the Agency, along with a student steering committee, organized the Atlantic Canada Student Summit in Antigonish, Nova Scotia. This event assembled approximately 60 students from Atlantic Canadian universities and colleges, along with public and private stakeholders. Participants at the summit explored a variety of themes including creating new opportunities and choices for people; investing for sustainable growth; and freeing businesses to grow and succeed. Speakers included student leaders and leaders from business, government and academia. Through the student summit, the Agency had the opportunity to gain a better understanding of certain key issues of concern to the region's future leaders. These types of

forums ensure that the Agency's future efforts and initiatives are aligned with, and are responsive to, key issues reflecting both Atlantic Canadian priorities and the federal agenda.

In 2009-2010 the Agency continued to play a key role in strengthening partnerships and mobilizing stakeholders around the Atlantic Gateway. The close working relationship between ACOA, Transport Canada and the four Atlantic provinces has allowed the Agency to deepen its collective understanding of issues related to the development of an efficient and competitive transportation network in Atlantic Canada. This understanding is built on a variety of studies done collaboratively through the Atlantic Gateway Federal/Provincial Officials Committee. The Agency also expanded its engagement with the business community, notably through the AGAC, and other government departments on issues such as infrastructure and regulatory concerns, trade development, and economic benefits that are brought about in Atlantic Canada by the gateway. The Atlantic Gateway is an area where the Agency has learned from research and recent experiences.

Finally, the Agency conducted an evaluation[22] of its Atlantic Policy Research Initiative (APRI) through an assessment of key issues such as relevance, performance, cost-effectiveness, and results achieved over a five-year period. The evaluation indicated that the Agency, through APRI, plays a significant role in meeting policy research and engagement responsibilities identified by the Government of Canada. APRI provides ACOA with the knowledge required to support policy development, advocacy and coordination efforts, and has built a reputation for excellence in policy research. Through this evaluation process, ACOA also learned that an area for improvement would be for heightened collaboration within the Agency to ensure the continued relevancy of its programming in responding to the opportunities and challenges facing Atlantic Canada. These and other recommendations will be considered as the Agency continues to play a key role in producing economic policy research and related engagements in the Atlantic region.

Benefits for Canadians

In 2009-2010, ACOA's PAC program activity assisted the region in facing challenges affecting Atlantic Canada's overall economic vitality. PAC supported the Agency's broad-based approach to economic development by addressing key policy issues impacting the growth of the region, by advocating for the interests of Atlantic Canada to ensure that government initiatives are responsive to the needs of the region, and by coordinating federal policies and programs within the region to form integrated approaches to development.

During the year, ACOA's advocacy helped ensure that government initiatives were responsive to the challenges and opportunities of the Atlantic Canadian economy. ACOA continued its procurement advocacy efforts that have helped secure over $2 billion in industrial and regional benefit commitments for Atlantic Canadian firms over the past five years, and which have helped contribute to a strong and thriving aerospace and defence industry in the region. ACOA also

[22] Once finalized, the evaluation will be available at http://www.acoa-apeca.gc.ca/English/Accountability/AuditsAndEvaluations/Pages/Evaluations.aspx

advocated for the interests of Atlantic Canada in other key horizontal and sectoral files to make government initiatives more responsive to the needs of Atlantic Canadians.

The Agency's PAC program activity assisted ACOA in carrying out the Government of Canada's priorities. PAC efforts benefited Atlantic Canadians by ensuring the coordination of federal initiatives in the region, such as the CAF and RInC programs. Furthermore, the PAC program activity was directly involved in the renewal process of ACOA programs. These efforts led to the announcement in Budget 2010 of ongoing funding for two key ACOA programs, the AIF and the ICF. This is a testament to how well these programs are working to help shape a strong Atlantic Canadian economy. Finally, via the PAC program activity, ACOA continued its collaborative efforts with other government partners and various stakeholders to ensure the Agency's approach corresponded to opportunities and challenges facing businesses and communities in the region.

2.1.4 Program Activity: Internal Services

Financial Resources ($ millions)		
Planned Spending	Total Authorities	Actual Spending
34.9	40.8	42.9

Human Resources (FTEs)		
Planned	Actual	Difference
314	306	8

Program Activity Summary

Internal Services are groups of related activities and resources that support the needs of programs and other corporate obligations of an organization. These groups are management and oversight services, communications, legal services, human resources management, financial management, information management, information technology, real property services, materiel services, acquisitions, and travel and other administrative services. Internal Services includes only those activities and resources that apply across an organization, and not those provided specifically to a program.

Section 3: Supplementary Information

3.1 Financial Highlights

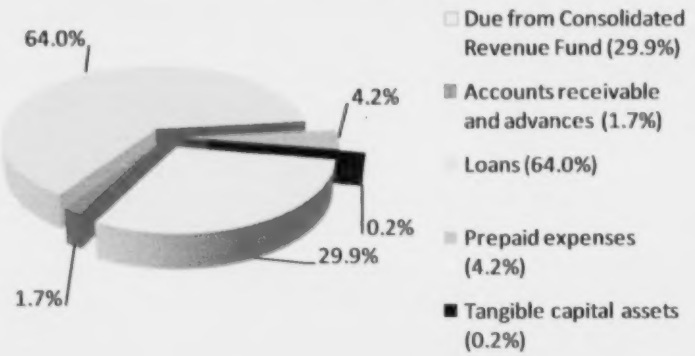
The financial highlights presented within this Departmental Performance Report are intended to serve as a general overview of ACOA's financial position and operations. Financial statements are prepared in accordance with accrual accounting principles and the updated Treasury Board Accounting Standards 1.2. The unaudited supplementary information presented in the financial tables in this report was prepared on a modified cash basis of accounting in order to be consistent with appropriations-based reporting. The Agency's financial statements can be found on ACOA's website at: http://www.acoa-apeca.gc.ca/English/publications/ParliamentaryReports/Pages/Financial_statements_2010.aspx.

Financial Highlights

	% Change	2010 ($000)	2009 ($000)
Condensed Statement of Financial Position (Unaudited) At End of Year (March 31):			
ASSETS			
Financial assets	4%	314,250	294,820
Non-financial assets	(-27%)	14,513	19,965
Total Assets	4%	**328,763**	**314,785**
LIABILITIES	27%	116,477	91,593
EQUITY	(-5%)	212,286	223,192
Total Liabilities and Equity	4%	**328,763**	**314,785**
Condensed Statement of Operations (Unaudited) For the Year (ended March 31):			
EXPENSES	29%	384,688	297,873
REVENUES	(-17%)	9,231	11,074
NET COST OF OPERATIONS	31%	**375,457**	**286,799**

Assets by Type

Assets have increased by $13.9 million compared to 2008-2009. Funds due from the Consolidated Revenue Fund increased by $24.4 million (33%) from the previous year. The primary reason for this increase is that accrued liabilities increased by $21.2 million. This is largely due to the CAF and the RInC program, which are part of CEAP.

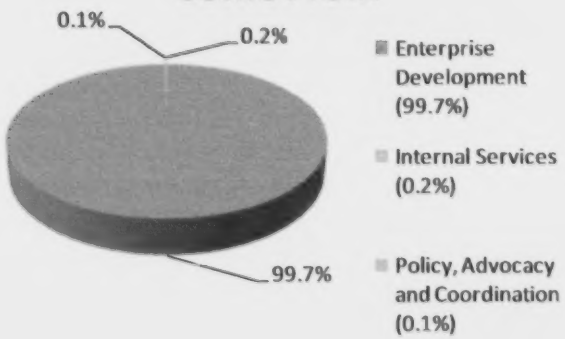


Liabilities by Type

Total liabilities at the end of 2009-2010 were $116.4 million, an increase of $24.4 million (27%) over the previous year's total liabilities of $91.6 million. This increase relates to accrued liabilities for programs in CEAP as explained above. Accounts payable represent the largest portion of liabilities, at $99.9 million (86% of total liabilities).

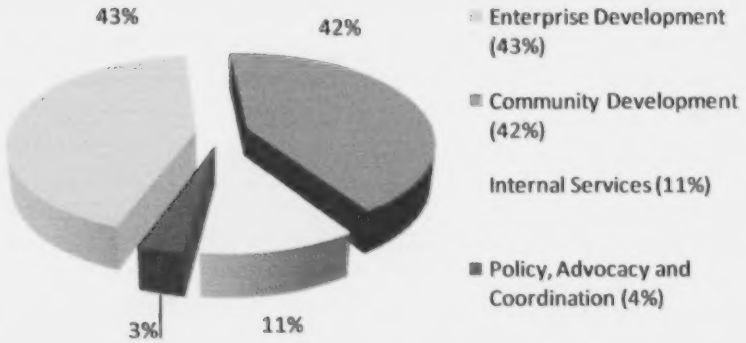
Revenues - Where Funds Come From

The Agency's total revenues for 2009-2010 amounted to $9 million, which remained fairly constant from the previous year's revenue. Almost all of ACOA's revenue was derived from repayable contributions from activity undertaken to support the Enterprise Development program activity. All the other levels of revenue were marginal for 2009-2010.



Expenses - Where Funds Go

Total expenses for ACOA were $384.7 million in 2009-2010. Of this amount, $165.8 million (43%) was spent in Enterprise Development, while Community Development represented $161.8 million (42%). Policy, Advocacy and Coordination utilized $13.2 million (4%), and Internal Services represented $43.7 million (11%).



3.2 Supplementary Information Tables

The following supplementary information can be found on the website of the Treasury Board of Canada Secretariat at http://www.tbs-sct.gc.ca/dpr-rmr/2009-2010/index-eng.asp.

- Details of Transfer Payment Programs
- Evaluations and Internal Audits
- Green Procurement
- Horizontal Initiatives
- Response to Parliamentary Committees and External Audits
- Sources of Non-respendable Revenue

3.3 Other Items of Interest

Information on ACOA's organizational structure is available on the Agency's website at http://www.acoa-apeca.gc.ca/English/WhoWeAre/OurPeople/Pages/home.aspx.

Descriptions of the performance status ratings used throughout this report can be found on the Agency's website at http://www.acoa-apeca.gc.ca/English/publications/ParliamentaryReports/Pages/DPR_PerformanceStatusRatingDescriptions_2010.aspx.

The following additional reports are available on ACOA's website at http://www.acoa-apeca.gc.ca/English/publications/ParliamentaryReports/Pages/DPR_OtherItemsInterest_2010.aspx?ProgramID=.

- Atlantic Canada's 2009-2010 Economic Overview and Provincial Economic Profiles
- BDP Repayable Contributions Portfolio
- Information on sub-activities of ACOA's Program Activity Architecture
  - Innovation
  - Entrepreneurship and Business Skills Development
  - Trade
  - Investment
  - Financing Continuum
  - Community Mobilization
  - Community-based Business Development
  - Community Investment
  - Infrastructure Programming
  - Policy
  - Advocacy
  - Coordination